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INSIGHTS GAINED IN WORKFARE DEMONSTRATION PROJECTS.(U)

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BY THE U.S. GENERAL ACCOUNTING OFFICE

Report To The Honorable Paul Findley,
House Of Representatives

Insights Gained In
Workfare Demonstration Projects

The Food Stamp Act of 1977 authorized the Secretaries of Agriculture and Labor to test, in 14 pilot projects, the feasibility of food stamp participants working in return for their benefits.

Operation of the workfare demonstration during the first year provided valuable insight into the problems and potential of the concept. However adequate information is unavailable to draw definitive conclusions about its costs, benefits, and effectiveness. GAO has highlighted needed legislative and administrative changes which could significantly improve workfare's effectiveness and benefits.

The Congress is now considering legislation to permit States to implement workfare as a permanent feature of the Food Stamp Program. The proposed amendments address the identified problem areas, and GAO believes they would substantially improve workfare design.

LEVEL II

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UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

July 31, 1981

COMMUNITY AND ECONOMIC
DEVELOPMENT DIVISION

B-200467

The Honorable Paul Findley
House of Representatives

Dear Mr. Findley:

Subject: Insights Gained In Workfare Demonstration
Projects (CED-81-117)

In response to your request, endorsed by Congressman William C. Wampler, we reviewed the first year's operation of the Food Stamp Workfare Demonstration. The results of our review, which are summarized in this letter, are discussed in more detail in appendix I. Our objectives, scope, and methodology are described in appendix II. We have also included as appendix III our evaluation of the questionnaires that Ketron, Inc., which is under contract to the Department of Labor to evaluate the program, used during the first year's operations and has proposed to use for the extended demonstration phase. Department of Agriculture comments and our response to those comments are included in appendix IV.

The Food Stamp Act of 1977 requires that the workfare concept, in which food stamp recipients will be required to work on public service jobs for the value of their food stamp benefits, be tested in 14 pilot projects--7 urban and 7 rural. But only seven projects--six rural and one urban--operated during the first year. (See app. I, p. 11.) We issued a report in September 1980 (CED-80-129) commenting on the Department of Agriculture's problems in recruiting demonstration sites for both the initial and an extended phase of workfare. An extended phase of the workfare demonstration, involving 14 project sites (see app. I, p. 13), is ongoing and is scheduled to end September 30, 1981.

In March and April 1981, we testified on our workfare review before the Subcommittee on Domestic Marketing, Consumer Relations, and Nutrition, House Committee on Agriculture, and the Senate Committee on Agriculture, Nutrition, and Forestry, respectively. We have subsequently completed our review of the first year's operations.

Although the number of workfare demonstration sites and their rural/urban mix fell considerably short of legislative provisions and congressional expectations, the operation of the seven demonstration projects provided valuable insight into workfare's problems and potential.

This report discusses the operating results of the seven demonstration sites, problems in measuring workfare benefits and costs, and the need for legislative and administrative changes that will help provide a more effective and efficient workfare operation. These changes include:

- eliminating some of the currently allowed exemptions,
- eliminating unnecessary waiting periods,
- strengthening program sanctions, and
- improving administration at the Federal and local levels.

These needed changes which address weaknesses summarized below are discussed in more detail in appendix I. These changes are necessary to achieve a sound program design--a major prerequisite to obtaining a fair test of the workfare concept. Implementing the needed changes will increase household participation in workfare and help achieve workfare's basic objectives--detering program participation by those who could work, but choose not to; securing some repayment to taxpayers by those who are needy and receive assistance; and introducing individuals to the work environment.

TOO MANY PARTICIPANTS DID NOT HAVE
TO WORK BECAUSE OF LEGAL EXEMPTION

Our statistical sample showed that 88 percent of the participating food stamp households at the seven demonstration projects were exempt from workfare because household members fell into 1 of 10 exemption categories specified by law. (See app. I, p. 12, for exemptions.) Many of the exempt participants were unable to work because of age, physical disabilities, or the need to care for persons unable to care for themselves. However, about 25 percent were in four categories which we believe do not merit automatic exemption from workfare. These four categories are (1) Aid to Families with Dependent Children Work Incentive Program (AFDC-WIN) registrants, (2) recipients of unemployment insurance benefits, (3) students, and (4) households whose earned incomes are low enough to qualify them for food stamps but are equal to or greater than their monthly food stamp benefits.

Most households had workfare obligations of less than 5 days (40 hours) a month. Therefore, it seems unlikely that completing workfare obligations would create a real conflict with

participants' efforts to look for a job, go to school, or engage in part-time employment or training. If a conflict does arise, workfare schedules could be adjusted to provide the specific time off needed or special case-by-case exemptions could be made. Such an approach would be more consistent with the procedures of the local jurisdictions that were operating workfare-type programs in connection with their general assistance programs. In contrast with food stamp workfare, exemptions under the two such programs on which we obtained information were more limited. (See app. I, pp. 2 and 3.)

30-DAY JOB SEARCH RESTRICTS PARTICIPATION

Currently, new referrals to the workfare program are given 30 days to seek employment before being assigned to a workfare job. The basic problem with this job search period is that in many cases, households are approved to receive food stamp benefits for only short periods at a time--1 or 2 months. These shorter certification periods are appropriate for determining food stamp benefits when there is a good chance that a household's circumstances may change, thus eliminating the need for assistance. However, combined with short certification periods, the 30-day job search period can allow some participants to receive food stamp benefits for 2 months before being interviewed and assigned to a workfare job. Those who subsequently refused to work would have received benefits without fulfilling associated workfare requirements.

The same reasons we stated for reducing exemptions apply to the job search period: work obligations are generally less than 5 days a month and work schedules could be adjusted to accommodate job search activities. (See app. I, pp. 3 and 4.)

WORKFARE SANCTIONS ARE WEAK

The maximum sanction now possible for not completing a workfare job obligation is excluding the noncomplying individual from calculation of household benefits every other month. This is the most that can be done even if the individual refuses to satisfy any part of the work obligation. The remaining household members will continue to receive benefits. The sanctioned person is automatically reinstated in the Food Stamp Program after being sanctioned for 1 month. Sanctions are more severe for not complying with the Food Stamp Program's work registration requirement--2 month's suspension for the entire household. Also, the two general assistance workfare programs for which we obtained information had stronger penalties for not working than the food stamp workfare program. (See app. I., pp. 4 and 5.)

We believe that the food stamp workfare sanction is not an effective deterrent to workfare noncompliance and needs to be strengthened. Possible changes include denying food stamp

benefits for the noncomplying individual for a specified number of months or until all past workfare obligations are satisfied, or denying benefits to the entire household for similar periods of time.

PROGRAM ADMINISTRATION DID
NOT ENSURE MAXIMUM BENEFITS

More benefits in the form of additional hours of work, higher sanction values, and added participant exposure to the work environment were available to the program but were not realized because of shortcomings in Federal and local project design and administration. (See app. I, pp. 5 to 7.)

At the Federal level, Agriculture's program guidance did not consistently assure obtaining all available workfare program benefits. For example:

- Agriculture did not require demonstration sites to examine their existing food stamp caseload to identify and refer all eligible participants to workfare jobs as soon as possible.
- Agriculture's operating instructions caused delays in interviews and work assignments at two projects.
- Agriculture did not develop criteria for determining whether workfare participants performed satisfactorily on their assigned jobs. As a result, merely showing up at the job site constituted compliance with the workfare obligation.
- Agriculture had not required demonstration projects to verify the validity of "good cause" reasons offered by individuals for not showing up for a workfare interview or job.

Individual project sites experienced several types of administrative and operating difficulties involving

- delays in interviewing participants,
- delays in notifying food stamp offices of needed sanctions,
- lack of continuity when workfare directors in essentially one-person workfare offices became ill,
- lack of full local support for the demonstration, and
- improperly handling sanctions.

COST EFFECTIVENESS OF WORKFARE
NOT DETERMINABLE

Data on operating costs and workfare benefits at the seven demonstration projects was very sketchy or unavailable. (See app. I, pp. 7 to 10.) No Federal cost-sharing of workfare costs existed for most of the first year, and the projects had not received uniform accounting guidance. We developed a ballpark estimate of \$360,000 for operating costs for the seven projects based on available data and various estimates provided by project staffs. We believe, however, that it would be inappropriate to use this cost data to draw any hard conclusions about the cost effectiveness of the first year's workfare demonstration program.

Data on workfare benefits has been even more sketchy than cost data. The dollar value of work performed and sanctions applied the first year was about \$115,900, but there were additional real benefits that had not been or could not be measured in dollars. For example, good information was not available on

- the savings in food stamp benefits resulting from individuals not applying for food stamps or leaving the program because they did not want to participate in workfare,
- the savings in food stamp benefits resulting from recipients finding regular jobs and either leaving the program or receiving reduced benefits, or
- the value of any work training or work ethic that participants may have acquired.

These matters seem very pertinent to any assessment of program benefits because workfare programs are generally developed to achieve one or more of the following objectives.

- To return something of value to the community for its support of the recipients.
- To introduce the individual to the work environment.
- To act as a deterrent to program participants who could work, but choose not to.

Changes in law, program regulations, and program administration to address the problems discussed earlier also would have a significant impact on workfare effectiveness and benefits.

INADEQUATE REPORTING TO THE CONGRESS

Agriculture and Labor did not include in their October 1980 interim report to the Congress available information showing that substantial improvements were needed both in workfare program design and administrative procedures. Ketron, Inc., the evaluation contractor, and one of the project sites had identified in separate reports earlier in 1980 essentially the same problems discussed in our earlier testimony and in this report--legislative exemptions are excessive, sanctions are ineffective, and the 30-day job search is unnecessary.

ACTION THE CONGRESS IS TAKING

Because the workfare concept cannot be fairly tested until a sound program design is achieved and tested, delays in modifying obvious program defects should not be allowed to continue. In our congressional testimony, we pointed out the need for the Congress to amend food stamp legislation to

- eliminate the automatic exemptions for AFDC-WIN registrants, recipients of unemployment insurance benefits, and certain students and wage earners;
- eliminate mandatory job search periods before workfare job assignments can be made; and
- strengthen the sanctions that can be imposed for non-compliance with workfare requirements.

Separate legislative proposals would authorize the Secretary of Agriculture to permit States to administer and operate workfare programs as a permanent feature of the Food Stamp Program. These proposals, H.R. 3603 approved by the House Committee on Agriculture and S. 1007 passed by the Senate, were moving through the legislative process at the time this report was being finalized. These proposals address the problems we identified. Although these legislative changes do not specifically apply to the ongoing demonstration program, we believe they would substantially improve program design for any workfare application beyond the current demonstration.

RECOMMENDATIONS TO THE SECRETARY
OF AGRICULTURE

We recommend that the Secretary modify workfare program regulations and administrative procedures to:

- Require that eligible participants be interviewed and assigned to public service jobs as soon as possible with approved exceptions only where large jurisdictions

would encounter massive administrative burdens without a phase-in approach.

- Require participating jurisdictions to randomly verify participants' reasons for not appearing for an interview or job assignment.
- Require that participants not having a good reason for completing their workfare obligation be immediately sanctioned.
- Establish work standards for workfare assignments and impose sanctions for clearly substandard performance.
- Require that project design not restrict work benefits and provide for continuity of project operations.

We also recommend that the Secretary establish and implement an effective system for gathering information on all real benefits being achieved from the workfare demonstration--whether measurable in terms of dollars or not--to give a more accurate account of workfare's actual and potential benefits. Such benefits should include the value of work lost because sites did not immediately identify and assign eligible able-bodied persons to work when the demonstration began, as well as the impact of the demonstration on Food Stamp Program participation. We also recommend that meaningful cost data be obtained to show what costs would be incurred in a regular, ongoing workfare program (as distinguished from a demonstration).

We further recommend that the Secretaries of Agriculture and Labor keep the Congress fully informed about the problems and results of the workfare demonstration.

EVALUATION OF AGENCY COMMENTS

The Department of Agriculture's June 15, 1981, response to our draft report acknowledged that improvements were needed in workfare program operations. Appendix IV contains the Department's comments and our detailed response. Its basic concern was that implementing some of our recommendations would create excessive administrative burdens on participating jurisdictions. We agree that some of our recommended changes would require more intensive management; however, we believe that the changes are necessary to achieve a fair test of the realizable benefits from the workfare concept during a demonstration.

If requiring an immediate review of the existing food stamp caseload to identify eligible participants is not feasible, particularly for large jurisdictions, exceptions could be made and a phase-in approach permitted. We have revised our recommendation accordingly.

The remaining recommendations should be implemented to improve workfare operations and increase workfare benefits. Agriculture did not agree with all of these recommendations largely because of the administrative effort it believed would be required. The scope of the effort Agriculture believes is necessary to make the needed improvements is somewhat inflated. For example, we do not believe that lengthy and complex work standards are necessary for each type of job; rather, job supervisors should have some general criteria for determining whether participants are performing adequately.

Properly administered, we believe that the recommended changes would increase workfare program benefits. Better administration would increase the number of hours worked, thus benefiting the community, and deny food stamp benefits to those who are unwilling to work, thus reducing Federal program costs.

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Unless you publicly announce its contents earlier, we plan no further distribution of this report until 2 days from the date of the report. At that time, we will send copies to Congressman William C. Wampler; the Director, Office of Management and Budget; the Secretaries of Agriculture and Labor; the House Committees on Agriculture, Appropriations, Government Operations, and the Budget; the Senate Committee on Agriculture, Nutrition, and Forestry; the Senate Committees on Appropriations, Governmental Affairs, and the Budget; Ketron, Inc.; and other interested parties.

Sincerely yours,

A handwritten signature in cursive script that reads "Henry Eschwege".

Henry Eschwege
Director

C o n t e n t s

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FOOD STAMP WORKFARE

The Food Stamp Act of 1977 requires that the workfare concept, in which food stamp recipients will be required to work on public service jobs for the value of their food stamp benefits, be tested in 14 pilot projects--7 urban and 7 rural. But only seven projects--six rural and one urban--operated during the first year. (See p. 11.) Although the number of workfare demonstration sites and their rural/urban mix fell considerably short of legislative provisions and congressional expectations, the operation of the seven demonstration projects during the first year provided valuable insight into workfare's problems and potential.

We reviewed the operating results of the seven demonstration sites, problems in measuring workfare benefits and costs, and the need for legislative and administrative changes that will help provide a more effective and efficient workfare operation. These changes include

- eliminating some of the currently allowed exemptions,
- eliminating unnecessary waiting periods,
- strengthening program sanctions, and
- improving administration at the Federal and local levels.

An extended phase of the workfare demonstration, involving 14 project sites (see p. 13), is now ongoing and is scheduled to end September 30, 1981.

HOW WORKFARE WORKS

Food stamp recipients subject to workfare are identified by the food stamp office and referred to a workfare component which schedules the recipients for an interview after a 30-day job search period. At the interview, the individuals' skills, abilities, interests, and work experiences are assessed, and they are scheduled for work in a public service capacity either with State and local governmental agencies or with private, nonprofit organizations. Workfare participants work at the minimum wage rate (\$3.35 per hour effective Jan. 1, 1981) for enough hours each month to earn their households' food stamp benefits.

Referred individuals who fail to report for the interview or who fail to report for work are referred back to the food stamp office for a determination of cause and, where appropriate, imposition of sanction. If it is determined that good cause existed for the failure, such as lack of transportation, illness, household emergency, or conflict with employment, training, or job

search, the individual is either exempt from workfare or rescheduled for interview or work.

EXEMPTIONS

Our work at the seven demonstration projects showed that out of a sample of about 1,900 food stamp household certifications in the project areas, 1,675 (88 percent) were exempt from workfare participation because household members fell into 1 of 10 exemption categories specified by law. (See p. 12.) Many of the exempt participants were unable to work because of age, physical disabilities, or the need to care for persons unable to care for themselves, but about 25 percent were in four categories which we believe do not merit automatic exemption from the requirement to work for their food stamp benefits. These four categories are (1) AFDC-WIN registrants, (2) recipients of unemployment insurance benefits, (3) students, and (4) households whose earned income is low enough to qualify for food stamps but is equal to or greater than their monthly benefits. These four categories represented 470 of the 1,900 food stamp certifications we reviewed.

- AFDC-WIN registrants are required to register for work training but are not always engaged in a full-time work training program. Unless they are so engaged, their automatic exemption seems inappropriate. (About 115 of our sample households were in this category.)
- Recipients of unemployment insurance benefits are to be available for work. We believe they would have enough time to search for a job and still participate in the food stamp workfare program which in most cases requires less than 5 days of work a month. (About 100 of our sample households were in this category.)
- The 1980 food stamp amendments placed restrictions on student participation in the Food Stamp Program. This change will reduce the number of students in the program and thus the significance of this exemption. Nevertheless, some students will likely continue receiving food stamps. About 100 of our sample households were exempted because of student status. Working while going to college is not unusual and exemption from workfare seems inappropriate except in special circumstances where the student, in addition to attending classes, may be working or undergoing special training.
- The fourth exemption included 155 sample households whose earned incomes were greater than their food stamp benefits. Of the 155 exemptions, 85 appeared to represent full-time workers and 70 appeared to represent part-time workers. Full-time workers merit exemption because an

inherent objective of the workfare program is to encourage individuals to find full-time employment. However, depending on their hours of work, part-time workers could have time available to participate in workfare.

Because most workfare obligations required less than 5 days of work a month, it seems unlikely that completing workfare obligations would create a real conflict with a participant's need to seek employment in the general work sector. If it did, the participant's workfare schedule could be adjusted to provide the specific time needed. If only three-fourths of the exemptions resulting from the four exemption categories had been made eligible for workfare instead of exempt, an additional 19 percent would have been added to the 12 percent of food stamp households referred to the workfare program during the first year of the demonstration.

Some localities, including two of the seven that operated a food stamp workfare project, had a workfare-type feature under their general assistance programs--programs of cash assistance for individuals who are ineligible for other categorical aid, unable to find work, or disabled with no means of support. In contrast to food stamp workfare, exemptions under general assistance workfare were more limited. At one location, exemptions were granted primarily to persons 60 years or older or disabled (temporarily or permanently). The other location had exemptions for disability and age (65 years or older), individuals under 18, and persons caring for those unable to care for themselves. At this location, college students could receive general assistance but were required to work.

We believe that automatic exemptions under the four categories discussed above should be eliminated.

THIRTY-DAY JOB SEARCH

The law gives new workfare referrals a 30-day job search period before they can be assigned to workfare jobs. As a result, new referrals automatically avoid workfare participation for at least 30 days. If they are certified for food stamp benefits for only 1 month, they will not be affected by workfare. Even under a 2-month certification, food stamp benefits for both months would probably have been received by some households before the workfare interview and assignment process would start and before failures to cooperate could be answered with cause and sanction determinations. Of a sample of 805 workfare referrals, 130 did not start a workfare job because their food stamp certification period ran out before they could be assigned.

Because participation in the food stamp workfare program is not a full-time activity--taking less than 5 days a month in most

cases--such participation should allow adequate time for a participant to look for full-time employment without a 30-day job search period as is now provided. Should a conflict arise, the workfare project could adjust the participant's work schedule to provide the specific time needed.

Our inquiries at the two general assistance workfare projects disclosed that participants generally were expected to look for full-time employment on their own time. At one of these projects, workfare participants were not required to work more than 3 days in any 1 week--the remaining 2 days were made available for job search. At the other project, all general assistance workfare participants had the same work obligation regardless of the amount of assistance received each month. Each participant was required to work or train for 7 days a month and provide verification of 20 employment contacts before the end of the month. The employment contacts were to be made on the participant's own time.

We believe that the effectiveness of the food stamp workfare program could be improved significantly by requiring those eligible for workfare to report to the workfare office for interview and work assignment as an integral part of the certification process for food stamp benefits. Under these circumstances, any failure to cooperate in workfare would immediately terminate the benefit certification process.

SANCTIONS

Food stamp regulations require that workfare referrals who refuse to (1) be interviewed, (2) be assigned to a workfare job, or (3) carry out their work obligations in a public service job be sanctioned by being denied Food Stamp Program benefits for 1 month. Other members of the household would continue to receive benefits. The sanctioned individual would be automatically reinstated in the program the following month. If the individual continues to ignore the workfare obligation, the maximum sanction now possible would be to take away an individual's benefits every other month. This is assuming that the workfare project and the food stamp office operate at peak administrative effectiveness.

The average monthly food stamp benefit per person was about \$34 in mid-1980. We question whether such a minimal sanction serves as an effective deterrent to disregarding workfare requirements. Most of the 58 sanctioned individuals included in our sample groups were back in the Food Stamp Program after the sanction. The elimination and subsequent reinstatement of a sanctioned individual in the Food Stamp Program creates administrative burdens for both the workfare office and the food stamp office in keeping up to date on the individual's workfare status, in making frequent recalculations of household benefits, and in keeping

track of when the individual is again eligible for food stamp benefits.

We note that program sanctions are more severe for food stamp recipients who do not comply with the program's work registration requirements (as distinguished from the workfare requirements). Food stamp regulations require that when sanctions are appropriate for work registration noncompliance, the entire household be denied food stamp benefits for up to 2 months. Also, in the two general assistance workfare programs we checked on, work noncompliance would result in the household losing program benefits for 3 months for at least one person. In cases of repeated noncompliance, the sanction period in one of the programs is extended to 6 months and in the other the entire household loses its benefits until such time as the work obligation is satisfied.

We believe that the food stamp workfare sanction is not an effective deterrent to workfare noncompliance and needs to be strengthened. Possible changes include denying food stamp benefits for the noncomplying individual for a specified number of months or until all past workfare obligations are satisfied, or denying benefits to the entire household for similar periods of time.

AGRICULTURE'S ADMINISTRATION DID NOT PROMOTE MAXIMUM PROGRAM BENEFITS

Agriculture permitted project sites extensive latitude in designing and implementing the demonstration with the result that program benefits were not as great as they could have been. Improvements in program guidance would have helped secure more of the available workfare program benefits.

(1) Phase-in approach--Food stamp offices at three of the seven sites did not examine their existing food stamp rolls to identify and refer all eligible workfare participants as soon as the demonstration started. The other four sites referred all eligible participants the first month. Because Agriculture allowed the three sites to identify and refer food stamp recipients to workfare only as they either came into the program initially or applied for continuation of their benefits, otherwise eligible individuals avoided some of their work obligations at these locations.

(2) Delays in work assignments--Agriculture instructed project sites to delay work assignments to the beginning of the following month if the 30-day job search period ended in the last half of a month. This policy caused delays in interviews and work assignments at two projects. Work benefits were lost because the affected participants could have completed some or all of their obligations in the previous month. Agriculture dropped this requirement after the first year's operation.

(3) Work standards not established--Agriculture did not develop criteria for determining whether workfare participants performed satisfactorily on their assigned jobs. As a result, merely showing up at the job site constituted compliance. Agriculture officials advised project personnel that sanctions could not be imposed for refusal to work. Our review was not directed toward measuring the volume or quality of participants' work; however, we believe that certain productivity levels are reasonable for any employer-employee relationship. Failure to establish standards and impose sanctions as appropriate could lead to situations where recalcitrant participants could significantly reduce potential work benefits and undermine the morale of those who are willing to work for their benefits.

Agriculture needs to

- include in any cost-benefit measurements it makes, the value of work lost because sites did not immediately identify and assign eligible able-bodied persons to work when the demonstration began;
- establish work standards for workfare assignments and impose sanctions for clearly substandard performance; and
- assure that project design does not restrict work benefits.

WEAKNESSES IN LOCAL ADMINISTRATION
REDUCED PROJECT BENEFITS

Benefits have been lost to the workfare program because of local administrative and operating difficulties. Workfare offices did not notify referred participants to report for interviews or advise the food stamp offices of the need for sanction action on a timely basis. Local food stamp offices did not sanction or sanctioned improperly. Two rural sites were unable to maintain continuity of operations due to illness of key staff. Finally, lack of full local support at one project hindered achieving program objectives.

(1) Delays in interviewing participants--Workfare offices did not notify or schedule referred workfare participants for interviews on a timely basis. Consequently, 103 of the 200 participants in our statistical sample were interviewed some time after they should have been. We found delays at all projects. As a result, some participants avoided their work obligations.

(2) Delays in notifying food stamp offices of needed sanctions--One location did not send recommendations for sanctions to the local food stamp office promptly. As a result, several

participants who did not work could not be sanctioned because their eligibility periods had already ended.

(3) Improper sanctions--Two locations were handling sanctioning requirements incorrectly. One was eliminating benefits for the entire household rather than solely for the individual who did not work. At the other the substitute director of the workfare office was not aware that sanction recommendations were to be sent to the food stamp office. Therefore, no one was sanctioned.

(4) Lack of continuity in workfare office--Workfare directors at two sites that were essentially one-person operations became ill during the demonstration. The result was that demonstration activities were severely hampered. Interviews, work assignments, and sanction recommendations were either suspended or curtailed.

(5) Lack of full local support hindered achievement of demonstration objectives--Local support of the workfare demonstration at one location seemed lukewarm, and the project operated only marginally as a workfare demonstration site. The local food stamp office identified potential workfare participants but did not calculate their work obligations or keep the workfare office informed of changes in participants' work obligations. The primary function of the office administering workfare was not workfare; the office was processing nonworkfare referrals for placement in private industry. The first workfare job site was not developed until 2-1/2 months after the demonstration began. Finally, only persons with work obligations exceeding 20 hours a month were referred for workfare. Of a statistically selected sample of 105 referrals at this location, only one participant had completed the work obligation the first month.

Agriculture needs to

--assure that eligible participants are interviewed and assigned to public service jobs as soon as possible,

--assure that participants not having a good reason for completing their workfare obligations are immediately sanctioned, and

--assure continuity of projects' operations.

COST EFFECTIVENESS NOT DETERMINABLE

Data on operating costs and workfare benefits at the seven demonstration projects was very sketchy or unavailable. No Federal cost-sharing of workfare costs existed during most of the first year, and the projects had not received uniform accounting guidance. It is not clear whether the cost of workfare should be

APPENDIX I

APPENDIX I

measured based on only incremental costs or whether all allocable costs should also be counted.

We developed ballpark cost amounts from available data and various estimates provided by project staffs. We believe, however, that it would be inappropriate at this time to draw any hard conclusions about the cost effectiveness of the first year workfare demonstration program from these amounts.

<u>Project</u>	<u>Estimated annual project cost</u>
Berkeley County, South Carolina	<u>a/\$ 34,500</u>
Clay County, South Dakota	7,000
Morristown, Tennessee	<u>a/23,700</u>
Muskingum County, Ohio	29,400
Rusk County, Wisconsin	9,800
San Diego, California	237,700
Sussex County, New Jersey	<u>a/17,900</u>
Total	<u>\$360,000</u>

a/Project operated less than a year. Amount represents annual estimate.

In addition to the matters discussed earlier, the following factors should be taken into account in considering the above costs.

- We were able to identify additional costs directly attributable to the workfare project at only four of the seven projects. These were the salaries of full-time staff in the workfare office. Other workfare costs and all food stamp office costs were based on allocations and estimates.
- About \$120,000 of the above costs represent special evaluation costs reimbursed by a private firm hired to evaluate the demonstration. Much of these costs would not be typical of a regular ongoing workfare operation.
- Project staffing and staffing costs vary tremendously and we cannot say what would be reasonable in this regard.

For the ongoing extended workfare demonstration, Agriculture has identified the types of costs that will be reimbursed. This should provide a better cost picture for the extended workfare phase. We note in this connection that Agriculture plans to reimburse 100 percent of project evaluation costs which will represent a significant portion (perhaps 30 percent) of total administrative costs for the extended phase.

Data on workfare benefits has been even more sketchy than cost data. The dollar value of work performed and sanctions applied is as follows.

<u>Project</u>	<u>Value of work performed and sanctions applied</u>
Berkeley County, South Carolina	<u>a/\$ 10,600</u>
Clay County, South Dakota	100
Morristown, Tennessee	<u>a/16,700</u>
Muskingum County, Ohio	44,400
Rusk County, Wisconsin	3,100
San Diego, California	37,600
Sussex County, New Jersey	<u>a/3,400</u>
Total	<u>\$115,900</u>

a/Project operated less than a year. Amount represents annual estimate.

There are additional real benefits that have not been or cannot be measured in dollars. Good information is unavailable on:

- The savings in food stamp benefits resulting from individuals not applying for food stamps or leaving the program because of their disinclination to participate in workfare. (Limited information at three projects identified at least 24 individuals who did not complete their food stamp application because of this reason.)
- The savings in food stamp benefits resulting from recipients finding regular jobs and either leaving the program or receiving reduced benefits.
- The value of any work training or work ethic that participants may have acquired.

Regarding the last point, in our discussions with individuals in workfare jobs, many of them said that they preferred to work for their food stamps rather than receiving them free.

The above matters seem very pertinent to any assessment of program benefits because workfare programs are generally developed to achieve one or more of the following objectives:

1. To return something of value to the community for its support of the recipients.
2. To introduce the individual to the work environment.
3. To act as a deterrent to program participation for those who could work, but choose not to work.

Changes in law, in program regulations, and in program administration to address the problems discussed earlier also would have significant impact on workfare effectiveness and benefits.

INADEQUATE REPORTING TO THE CONGRESS

The Departments of Agriculture and Labor did not include in their October 1980 interim report to the Congress available information showing that substantial improvements were needed both in workfare program design and administrative procedures. The evaluation contractor and one of the project sites had identified in separate reports earlier in 1980 essentially the same problems we discussed in our testimony--legislative exemptions are excessive, sanctions are ineffective, and the 30-day job search requirement is unnecessary.

Because the concept cannot be said to have been fairly tested until a sound program design is achieved and tested, delays in modifying obvious program defects should not be allowed to continue. Also, the Secretaries of Agriculture and Labor should provide the Congress more informative reporting on the workfare demonstration projects. Future progress and final reports should fully explain both well-defined and potential problems with workfare program design.

SCHEDULE OF INITIAL WORKFARE DEMONSTRATION PROJECTS

<u>Location</u>	<u>Type</u>	<u>Date started</u>	Food stamp households (note a)
San Diego, Calif.	Urban	7/01/79	<u>b</u> /46,084
Muskingum Co., Ohio	Rural	7/01/79	3,151
Rusk Co., Wis.	Rural	7/01/79	408
Clay Co., S. Dak.	Rural	7/01/79	214
Morristown, Tenn.	Rural	8/01/79	<u>c</u> /2,141
Sussex Co., N.J.	Rural	11/01/79	972
Berkeley Co., S.C.	Rural	1/01/80	2,971

a/Households participating in Food Stamp Program as of August 1980.

b/San Diego tested the concept in only two of its nine districts.

c/This figure is for Hamblen County in which Morristown is located. No figure is available for the city of Morristown.

CATEGORIES OF FOOD STAMPRECIPIENTS EXEMPT FROM WORKFARE PARTICIPATION

1. A person younger than 18 years of age or a person 60 years of age or older.
2. A person physically or mentally unfit for employment.
3. A household member subject to and participating in the Aid to Families with Dependent Children Work Incentive Program.
4. A parent or other household member who is responsible for the care of a dependent child under 12 or an incapacitated person.
5. A parent or other caretaker of a child under 18 in a household where another able-bodied parent is registered for work or is exempt as a result of employment.
6. A person receiving unemployment compensation.
7. A regular participant in a drug addiction or alcoholic treatment and rehabilitation program.
8. A person employed or self employed and working a minimum of 30 hours a week or receiving weekly earnings at least equal to the Federal minimum wage multiplied by 30 hours.
9. A student enrolled at least half time in any recognized school, training program, or institution of higher education.
10. Household members' total monthly earned income is greater than the monthly food stamp allotment.

SCHEDULE OF WORKFAREDEMONSTRATION PROJECTS IN EXTENSION PHASE

<u>Location</u>	<u>Type</u>	<u>Date started</u>	<u>Food stamp households (note a)</u>
1. Yuma, Ariz.	Rural	12/15/80	2,563
2. Lonoke Co., Ark.	Rural	1/07/81	1,341
3. Sebastian Co., Ark./ Crawford Co., Ark.	Urban/ Rural	1/07/81	2,120/ 1,360
4. San Diego Co., Calif.	Urban	<u>b</u> /1/09/81	46,084
5. Pinellas Co., Fla.	Urban	1/15/81	14,230
6. Vanderburgh Co., Ind.	Urban	1/12/81	4,803
7. Montgomery Co., Md.	Urban	1/29/81	5,144
8. Grand Rapids, Mich.	Urban	1/12/81	<u>c</u> /11,131
9. Green Co., Mo.	Urban	1/01/81	5,246
10. Nashua, N.H.	Urban	1/07/81	(d)
11. Berkeley Co., S.C.	Rural	12/01/80	2,971
12. Greenville Co., S.C.	Urban	12/29/80	7,928
13. Utah Co., Utah	Rural	1/12/81	(d)
14. Tazewell Co., Va.	Rural	12/01/80	1,659

a/Households participating in Food Stamp Program as of August 1980.

b/Continuation from initial phase for entire county.

c/This figure is for Kent County in which Grand Rapids is located.
No figure is available for the city of Grand Rapids.

d/Data not available.

OBJECTIVES, SCOPE, AND METHODOLOGY

Our objective was to evaluate the legislative and administrative design of the workfare concept and to assess how well the implementing Departments--Agriculture and Labor--carried out the demonstration. We evaluated administrative procedures and operating results at the seven local jurisdictions participating in the workfare demonstration program. Our work included visits to the seven project sites; Agriculture headquarters in Washington D.C.; and the evaluation contractor's (Ketron, Inc.) office in Wayne, Pennsylvania. We had numerous discussions with workfare participants and project, Agriculture, Labor, and Ketron personnel and reviewed the legislative history of workfare. We reviewed pertinent records, reports, and instructions at the demonstration projects, food stamp offices, and Agriculture headquarters and reviewed and used data and reports developed by Ketron.

Our review of food stamp and workfare project records was based on a statistical sample. The universe of food stamp cases at the seven demonstration projects consisted of about 15,200 households that received food stamps during April 1980. We reviewed each food stamp certification in about 1,000 selected cases from the beginning of the respective project's workfare operation to the cut-off month we established for each project--generally May or June 1980. For workfare cases, the universe consisted of all referrals made to the workfare office from the beginning of the project's workfare operation to the previously mentioned cut-off established for each project.

In calculating the sample size for both the food stamp and workfare case selection, we used the standard statistical formula and applied the following assumptions.

- We used an occurrence rate of 50 percent because of the unknown characteristics of the population. This assured that we would have a large enough sample size.
- We used a 95-percent confidence level, which is the standard confidence level for social science research. This method allows us to be 95-percent certain that the sample we took is representative of the universe.
- We used an 8-percent sample precision rate, which represents the percentage that values obtained for the sample may vary from the true value of the universe. Although this rate results in less precision in projecting the results of our sample, it also allowed us to review a smaller sample.

APPENDIX II

APPENDIX II

We used random selection to obtain our sample. This process involved assigning a number to each item in the universe and using a computer program to generate a list of random numbers to be reviewed.

EVALUATION OF QUESTIONNAIRES USED DURING
THE FIRST YEAR'S OPERATIONS AND PROPOSED FOR
THE EXTENDED DEMONSTRATION PHASE

The Food Stamp Act of 1977 which authorized the workfare demonstration required the Secretaries of Agriculture and Labor to cooperatively issue interim and final reports summarizing demonstration results. To fulfill the associated evaluation and reporting responsibilities, the Department of Labor hired a private firm, Ketron, Inc., to obtain information from the seven pilot projects, assess results, and report the findings to Agriculture and Labor.

DATA ACQUISITION

The contractor used three data collection techniques to obtain information needed to assess the administrative and operational processes and the economic impact and feasibility of workfare. These included

- administering a set of questions to officials in local jurisdictions that were participating in the demonstration to obtain information describing their Food Stamp Program, workfare, and work registration processes,
- enabling workfare program officials to collect and transmit information to Ketron on Food Stamp Program participation and the referral and assignment of workfare eligibles, and
- administering a questionnaire to a sample of workfare participants at the seven demonstration sites and to a sample of food stamp recipients at seven separate comparison sites (control groups).

The questionnaire was developed to obtain information on participants'

- Food Stamp Program participation;
- work and welfare history before and after being certified to receive food stamps;
- independent and Government-assisted job search activities and training;
- attitudes, opinions, and experiences gained through participation in the Food Stamp Program and workfare; and

--personal data on income, household characteristics, education, job training, health, and other issues.

REVIEW OF THE QUESTIONNAIRE

Our objective in reviewing the workfare demonstration questionnaire was to determine whether the data Ketron collected was accurate. Ketron, Inc. declined to identify individual workfare participants' responses to the questionnaire. Consequently, we could not verify individual responses in the questionnaires by using case files at the local food stamp and workfare offices. Therefore, we elected to get a reading on the quality of the data by evaluating the adequacy of the questionnaire used to compile it.

We found that the questionnaire used for the first year of the demonstration and initially contemplated for use during the extended phase had several serious design deficiencies. These deficiencies could bar the unrestricted use of the results and could subject the conclusions based on such results to challenge. The weaknesses included problems which we believe most social scientists would consider poor data-collection practices. Agriculture and Labor officials who reviewed and approved the questionnaire should have exercised greater care.

Many of the questions had one or more deficiencies that greatly increased the likelihood of data error. Of those questions considered "good" from the standpoint that they would result in collecting accurate data, most tended to be basic background questions, such as "How long have you lived at this address?" Some of the major types of deficiencies are mentioned below.

Inadequate qualification of questions

Several questions did not clearly specify or qualify what information was desired. For example, one question asked "How long have you been receiving food stamps?" This did not adequately specify whether the information desired was the length of time since the respondent first received food stamps or the length of time for the most recent continuous eligibility period.

Another example of inadequate qualification was the question "What was the main reason you or your household applied for food stamps?" While the question focused on the reason for applying for food stamps--which was probably financial need--the available answers for selection were events which cause financial need. Without clear and proper qualification of what information was desired, some respondents could have simply cited financial need and not the major reason causing the financial need. The initial draft questionnaire intended to be used in the extended demonstration evaluation recognized that a more precise response

was needed. This same question was repeated but the response section included a note instructing the interviewer to probe for a specific cause of financial need.

Assumptions were made about respondents' access to or ability to recall information

A large part of the questionnaire assumed that respondents would be able to provide detailed information about their work and welfare experiences month by month for the past 18 months. The questionnaire asked respondents to provide information on a month-by-month basis regarding: occupation, weeks worked, hours per week, wages, weeks seeking work, whether or not food stamps were used, value of stamps, amount paid for stamps, reason for change in stamp usage, type of cash assistance received, amount of cash assistance, and reasons for any changes in total cash assistance.

The overall accuracy of such self-reported data based on month-by-month recall for an 18-month period is questionable. Individuals for whom welfare represents a crisis situation may more vividly recall certain events than those continually receiving assistance. In addition, errors associated with forgetting the usual or unpleasant and exaggerating the unusual or pleasant would affect the quality of the data obtained based on respondents' memories of events that occurred up to 18 months earlier.

Question bias

Several questions were biased because certain responses were more socially desirable than others. For example, in response to the question "Do you feel able-bodied people receiving food stamps should work for these benefits?" the socially acceptable answer would be "yes." Another biased question asked "If you lost this job, would you look for another job in the same line of work?" Because respondents may not want to indicate that they would not look for another job, the socially acceptable answer would be "yes" regardless of whether they would want to be in the same line of work. Although individuals in the demonstration groups and in the control groups (comparison sites) might have different attitudes regarding work, these two questions, because of their socially acceptable responses, would not be useful in drawing distinctions between these groups.

Lack of consistency between questions and intended responses

Not all questions provided a full range of answers that would allow respondents to accurately address the questions asked. One in particular asked "Did you look for another job in the same line of work?" The only responses available were:

"Yes, wanted same kind of work but couldn't find it."

"Yes, and found it."

"No, didn't want same kind of work."

The question addressed "looking" for some work while the responses related to "wanting" the same work. Some individuals might have "looked" for jobs they did not "want" because those jobs were available. Others might not have looked for jobs they wanted because they felt such jobs were unavailable. The lack of consistency between the question and possible answers results in data that, at best, is of questionable value.

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On November 5, 1980, we met with the Acting Director and staff from the Office of Policy, Planning, and Evaluation of Agriculture's Food and Nutrition Service. We told them that they needed to carefully analyze the impact of questionnaire deficiencies on the data collected during the first year's demonstration and the data proposed to be collected during the extended phase. We said that failure to recognize and adequately compensate for questionnaire design deficiencies could result in marginally accurate or weakly supported conclusions.

Service officials were very responsive to our suggestions. They told us that they planned to work with Ketron to improve the questionnaire that will be used during the extension phase. At the Service officials' request, we met with them and Ketron officials on February 12, 1981, to provide feedback on their revisions.

The revised questionnaire proposed for use during the extended demonstration is a much improved document. Although it is impossible to develop any survey instrument that is free of measurement error, we believe the revised questionnaire is designed to reduce such error. We also believe the revised questionnaire will substantially increase the quality of the survey data that will be collected during the extended demonstration evaluation.

WORKFARE

GAO RECOMMENDATIONS TO THE SECRETARY OF AGRICULTURE

The GAO in its report "Workfare: A Concept Needing Legislative Changes and Improved Administration to Maximize Economic and Social Benefits" recommends five changes in regulatory and administrative procedure policy and two changes for research purposes. The Department's response to these recommendations is attached. In responding to these recommendations, the Department assumes that legislation currently pending before the House and Senate for a national optional workfare program will be passed. Further, the Department recommends that features present in both workfare and work registration/job search requirements be kept as similar as possible to facilitate administration of the programs.

D. William Hoagland
6/15/81

Require that eligible participants be
interviewed and assigned to public
service jobs as soon as possible

In testimony March 30, 1981, GAO phrased this recommendation as "eliminating unnecessary waiting periods" and discussed:

- the 30-day workfare job search period
- implementation by full casefile review

1. The provision for a 30-day job search period prior to referral to workfare was developed in part to parallel the design of the work registration provisions. In addition, the provision offered the participant an additional means of obtaining employment in the labor market as an alternative to the food stamp program. It should be noted that individuals who entered the program and had registered for work within the previous six months were immediately referred to workfare.

The second year of the demonstration is testing a shorter job search period in San Diego County, California. It is too soon to determine whether this is a more cost effective method, however. There is the possibility that the elimination or reduction of the 30-day job search period may interfere with the turnover of work registrants which occurs even in the absence of a workfare program. The turnover which occurs during this period is due in part to persons obtaining jobs and leaving the food stamp program. If these persons are assigned to a workfare job upon being certified for food stamps or shortly after, they may not obtain jobs in the labor market as quickly and remain in the food stamp program longer.

Rather than the specific mandate for an immediate workfare interview, as proposed by GAO, The Department would support the language contained in the House proposal which allows up to 30 days for an interview. Even this

maximum limit, which provides flexibility for local site sponsors, should take into consideration potential problems related to scheduling. San Diego began its test of the shortened job workfare interviews and job assignments for potential referrals in the food stamp office. However, it was necessary to revert back to interviewing participants after the job search period. This issue will be fully analyzed in upcoming reports to Congress.

[GAO COMMENT: We continue to support legislative action to eliminate the mandatory 30-day job search period. More desirable alternatives would include no waiting period or a sharply reduced period.

Requiring eligible participants to report for an interview and work assignment as part of the food stamp benefit certification process should not be an undue hardship. As pointed out in our report, most households had workfare obligations of less than 5 days a month. Therefore, it seems unlikely that completing workfare obligations would create a real conflict with participants' efforts to look for a job, go to school, or engage in part-time employment or training. If a conflict does arise, workfare schedules could be adjusted on a case-by-case basis to provide the specific time needed.

Service officials, in referring to the ongoing demonstration, stated that it is too soon to judge whether the shorter job search period (10 days) in San Diego, California, is most cost effective. They pointed out that assigning eligible participants to workfare jobs sooner might delay their obtaining private employment, thus prolonging their receipt of food stamp benefits and actually increasing program costs. As observed by Service officials, San Diego began its test of the shortened job search period by interviewing eligible participants and assigning them a future work date on the same day they applied for food stamp benefits. San Diego workfare officials told us they discontinued this practice because it resulted in their interviewing many who (1) were not eligible for food stamps and thus had no workfare obligation and (2) would not complete their work obligation. They believed that the administrative costs of this practice were excessive. As an alternative, they

now mail eligible participants a letter informing them to report for a workfare interview 10 days after the date they were approved to receive food stamp benefits.

We believe that interviewing and assigning eligible persons to jobs as part of the certification process may have substantial merit. It immediately informs participants of their work obligation and forces them to recognize the associated work responsibility. It could also increase impetus to report changes in household status, especially income. Informing participants of their obligation and making work assignments at the earliest possible date would not only tend to increase work benefits, but could also lead to reduced Food Stamp Program costs. Eligible participants having unreported conflicting employment or unwilling to work may withdraw their applications upon learning about the workfare obligation.]

2. A full casefile review would only be necessary at the onset of the project in order to obtain the maximum number of hours to be worked by those who are eligible. About half of the first year demonstration projects did choose this method to begin project operations; these were rural projects with a small caseload and relatively long certification periods (3-6 months). The remaining demonstration projects, and all but one (1) project in the second year cycle, opted to identify eligibles and refer them to workfare at intake and/or recertification -- i.e. within the normal certification cycle.

The larger sites were unable to conduct a full case review as a result of both cost and workload constraints. The sites were not provided any Federal funding for operational expenses during the first year of demonstration. A mandatory review may have jeopardized the ability of some sites to participate. The larger sites had a more dynamic caseload; work registrants had typically shorter certification periods. Most sites felt that within three months better than 80% of all workfare eligibles had been identified and referred.

We concur with GAO that the full casefile review is more desirable; however, the benefits to be obtained from this procedure must be weighed against the significant increase in workload and cost at large sites. We recommend that both options continue to be offered, and leave the decision to the sponsor.

[GAO COMMENT: We believe that demonstration project officials should have reviewed their existing caseloads concurrent with the start of the demonstration to provide a more accurate picture of the potential benefits from workfare. Failure to identify all eligible households and assign them jobs as soon as possible reduces workfare benefits. As a result, work was not accomplished or noncomplying households' food stamp benefits were not reduced. Earlier job assignments would have increased workfare benefits. In view of many households' short eligibility periods, delays in assigning eligible persons workfare jobs reduce the opportunities for making job assignments.

The Service may have overstated the effort and expense required to identify those households then receiving benefits that would have had a workfare obligation. Workfare eligibility is very similar to that for work registration. The distinction is that those work registrants with earned income equal to or exceeding their monthly food stamp allotment would not have been eligible for workfare.

Officials at demonstration project sites that identified and referred eligible participants as soon as the demonstration started told us that the required effort was not extensive largely because they were rural sites with relatively small caseloads. Also, representatives of the State employment service office serving one of the San Diego food stamp districts told us that they could have identified the work registrants for the local food stamp office in about 4 or 5 hours.

If workfare is adopted as a permanent operating feature of the Food Stamp Program, an exception to the full-caseload-review approach may be appropriate on a case-by-case basis for large jurisdictions that would be faced with massive administrative burdens without a phase-in approach. Our recommendation has been changed to recognize this. But regardless of whether eligible persons are identified through a casefile review or as they apply initially or reapply, job assignments need to be made more expeditiously. For example, our review at Morristown showed delays exceeding 70 days in making job assignments.]

Require participating jurisdictions to verify participants' reasons for not appearing for an interview or job assignment

Currently, the work registration/job search regulations, like the workfare regulations, do not provide any requirement for verification of participants' reasons for not appearing at an interview or job assignment. The expectation is that if information is questionable, it should be verified. A requirement of verification in all cases where a good-cause reason for non-compliance is offered would create an excessive administrative burden for any local agency.

Additionally, new legislation is expected to include provisions for work-related expenses including transportation. A significant portion of good-cause determinations in the demonstration's first year were due to lack of transportation. With the provision of work-related expenses it is expected that good-cause determinations will decrease substantially. We do not recommend that a requirement to verify good-cause reasons in all cases be established.

[GAO COMMENT: Verification of the reasons participants provide for not fulfilling their workfare obligations is an important element of compliance. There may be an implied assumption as Agriculture noted that food stamp officials will verify those explanations which seem questionable. However, as explained by a Service official, identification of questionable cases requiring verification would be rather isolated. Our contacts with several demonstration sites showed that as a general rule, determination of whether referrals had an acceptable reason for not fulfilling their workfare obligation consisted only of a telephone call to obtain a verbal response. Agriculture's regulations and operating guidelines for workfare do not address this issue specifically. Without specific efforts to verify good cause, food stamp recipients can independently decide whether they wish to participate in workfare.]

We agree that 100-percent verification of recipients' reasons for not participating in workfare would create additional and possibly excessive administrative burden and cost. However, some verification efforts are required to avoid widespread abuse of good-cause provisions.

It is not yet certain whether pending food stamp legislation, when passed by the Congress, will provide any total or partial solutions by providing funds for work-related expenses such as transportation. Even if it does, most of the problem would remain unaffected. Data collected for the first year's demonstration showed that only 10 percent of the excused participants cited transportation problems.]

Require that participants not having a good reason
for completing their workfare obligation be
immediately sanctioned

We agree that delays in notifying food stamp offices of needed sanctions should be improved. This problem has been addressed during the second year of operation through an improved management information system and additional staff training which will facilitate program comprehension and the flow of information.

Administrative regulations can improve this to an extent with timeliness requirements; for example, the Jobs Component can be given five days to notify the food stamp office of non-compliance. This would conform to the Work Registration/Job Search provision for the employment service which allows five days to inform the food stamp office of non-compliance. Further, the Department intends to provide technical assistance to local jurisdictions which implement workfare programs as requested. This should aid in promoting good program management. Some barriers to immediate notification must be recognized. The Food Stamp Act and regulations provide for the use of a 10-day adverse action notice whenever benefits are to be reduced or terminated for a household. This feature resulted in part from the Butz v. Basel court case of 1974, which concerned the guarantee of due process before termination. Similarly, benefit issuance cycles structure the timing of all transactions affecting the amount and delivery of benefits.

Consequently, within the parameters of the current program, we agree that operating standards should support timely enforcement of sanctions.

[GAO COMMENT: We recognize the existence of the appeals process and Agriculture's need to operate within these constraints; however, action to discontinue noncomplying recipients' benefits should proceed quickly. Delays have resulted in not being able to sanction individuals simply because their eligibility period for food stamp benefits had expired.]

Establish work standards for workfare assignments and impose sanctions for clearly substandard performance

The law governing the demonstration project did not say that the quality of the work performed is an additional test of whether or not a person is entitled to their food stamps. The law says that failure of refusal to accept work offered is to be sanctioned. In practice, the demonstration projects have not experienced any difficulties in making a yes or no determination for compliance for two reasons:

1. Job sites provided work activity under supervision. Supervisors could judge whether or not a failure to perform was deliberate or relative to the workfare participants employability. Work required was entry level and clearly done or not done.
2. Sponsors relied on the voluntary cooperation of job sites and asked that "problem" participants be sent back to the sponsor for reassignment. Most common problems were due to physical or mental impairment of a participant who was not legally classified as disabled. Sponsors established local exemptions for humanitarian and insurance reasons (i.e., high risk).

At the national level it is not practical to introduce performance standards for each type of workfare assignment. An evaluation would have to be performed on every workfare participant assignment for assessment according to specific criteria developed for each participant's job description. During the first year of the demonstration over one hundred specific jobs were developed at the seven sites. Given the number of job types, the entry level nature of the jobs and workfare's reliance on the voluntary cooperation of the job sites, this would be a burdensome administrative procedure for the sponsors and the job sites, delay the processing of compliance and non-compliance information, and be useful only in exceptional cases. In the absence of legislation, the Department should not introduce burdens of this magnitude. The Department does not recommend the establishment of workfare assignment standards.

[GAO COMMENT: This recommendation does not contemplate lengthy and complex individual performance standards for each possible workfare assignment. But some rough assessment is needed of whether a person's efforts on a workfare site meet the work performance requirement of the act. Workfare site supervisors should be expected to fulfill this role. On the average, those participants who work probably carry out their assignments satisfactorily. However, as in the private sector, penalties for clearly subpar performance or interference with others' ability to work satisfactorily should be available. We believe that nonproductive or counter-productive participants' food stamp benefits should be interrupted until they satisfactorily complete their workfare obligation.]

It may be that the job sites did not encounter many problems related to job performance during the first year; however, as noted by Agriculture, the test sites did not necessarily include a representative cross-section of the food stamp population. However, we believe that as the demonstration has expanded and the likelihood of additional workfare sites grows because of pending legislation, policy for such events should be established. We believe it is increasingly likely that inadequate performance will surface as a problem requiring management attention.]

Require that Project Design not restrict Work Benefits
and Provide for Continuity of Project Operations

1. Project design should not restrict work benefits:

GAO is concerned that sites were given an option on when to refer individuals to workfare during the implementation period. The agency allowed sites to conduct a full caseload review or to refer individuals at the time of initial application or recertification. This issue is discussed under implementation by full caseload review.

[GAO COMMENT: Our response is on pp. 24 and 25.]

Continuity of operations

GAO is referring to a problem experienced at several of the smaller demonstration sites where one person was responsible for the workfare jobs component operations. At these sites, when the project directors became ill or responded to other local priorities, workfare activities stopped and staffing did not provide for anyone else to assume their duties. While we agree continuity is a priority, we must recognize that small sites can encounter staffing problems.

The Department does not recommend any administrative procedure or regulatory changes in these two areas as they would place an undue administrative burden on local sites.

[GAO COMMENT: If many States or local jurisdictions implement workfare, many localities' food stamp caseloads would require only a small administrative staff, possibly only one person. The demonstration clearly showed that staffing problems can practically halt workfare operations in smaller areas for extended periods. We believe that Agriculture should make provisions for such planned or unplanned absences to maintain assurance that a workfare program is operating efficiently. As a minimum, localities should have someone designated to fulfill workfare functions if the regular staff is unable to perform because of sickness, vacation, or other reasons.]

Recommends that the Secretary establish and implement an effective system for gathering information on all real benefits being achieved from the workfare demonstration and recommend that meaningful cost data also be obtained to show what costs would be incurred in a regular ongoing workfare program.

The Department believes that adequate state of the art cost and benefit information is being collected and analyzed for the two workfare demonstrations. This information will provide estimates of costs and benefits for a regular ongoing program. The information on costs and benefits of the first year of the demonstration reported to the Congress in "Food Stamp Workfare Highlights", presents data only for the fully operational phase of the demonstrations. Therefore, no correction is necessary for the specific mode of implementation.

The Department is studying the impact of the demonstration on food stamp program participation. Two specific questions are being addressed:

Did Food Stamp Workfare Demonstration participants leave the food stamp program faster than did similar food stamp recipients subject only to normal work registration activities?--and,

Did the workfare demonstration project deter participation in the food stamp program by other potential recipients?

Results from the first year of the demonstration have been reported in the "Highlights" and will be expanded upon in a forthcoming report to Congress. Analysis of the second year of the demonstration will also address these issues in detail. Items included in the report as costs or benefits for the government are:

Food Stamp Program Savings; Tax Revenue Changes; the Value of the Work; and Total Administrative Costs per person;

Costs and Benefits measured for persons referred include: Increased earnings, increased taxes, reduction in food benefits, and out-of-pocket expenses.

[GAO COMMENT: We did not specifically evaluate Agriculture's methodology for gathering cost and benefit data during the first year's operations. This task will be critically important during the extended phase because of existing perceptions concerning whether or not a workfare program is cost beneficial. The fact that some workfare benefits may not be quantifiable in dollars further complicates this determination.]

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